



194281
Domco Inc. Floor Products (Texas)
1705 North Oliver Street
Houston, Texas 77007
Telephone: (713)869-5811
Fax: (713)864-9158

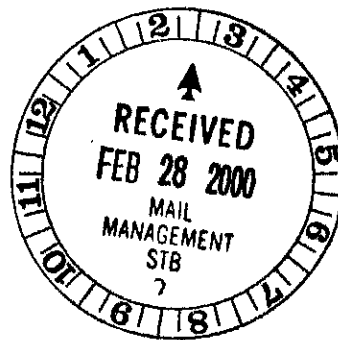
February 18, 2000

Surface Transportation Board
Office of the Secretary
Case Control Unit
Attn: STB Ex Parte No. 582
1925 K Street, NW
Washington, DC 20423-0001

Office of the Secretary

FEB 29 2000

Public Record



My company, Domco Floor Products (Texas), uses rail transportation. Our annual volume is 1600 carloads, 134,775 tons and spends \$6 million dollars a year with the railroad. Domco uses BNSF, CSXT, NS and the UP for our transportation needs.

Domco supports the STB's decision in the BNSF/CN docket to examine carefully the BNSF/CN proposed control application, including all of the effects that it could have on the rail transportation industry. The board should consider the effects that further mergers and consolidations in the rail industry will have on shippers.

Any major rail consolidation now or in the immediate future would be extremely unfortunate. The rail industry and shippers are still adjusting to the effects of the last round of mergers, which began, with the Burlington Northern's purchase of the Santa Fe. Not all of the benefits of those mergers have been realized or accomplished as of yet. The industry needs to stabilize and improve its overall operations before further consolidations are undertaken.

Domco has experienced the effects of the service disruptions caused by rail mergers over the last five years, including the merger of the Burlington Northern and Santa Fe. My company is still feeling the effects of the most recent changes in the East. While improvements in service are taking place, this has been a long, very expensive and resource consuming process for Domco. The railroads do not need further disruptions and distractions in providing on time service to shippers. While there might be a time when additional mergers become appropriate, another round of merger activity is most likely to divert all of the railroads' attention, resources and energy away from the more important job of improving their service with all of their current shippers in the U.S and Canada.

Domco has worked through the disruption to rail service that has followed these mergers. Domco has spent several million dollars during these mergers on ground transportation, in order to meet our service commitment to our customers and keep our facility operational. The shipper community deserves and has earned a period of stability in the rail industry. The railroads should concentrate on their service and delivering all the benefits we the shippers expected from prior mergers that the STB has approved.



More mergers and consolidations are unnecessary at this time. They should concentrate on improving interchange service, projects to coordinate dispatching and operations in complex terminal areas and more effective utilization of their information technology to better serve Domco and all rail customers.

The rail industry has made significant progress since deregulation. Domco does not want to see the return of more onerous economic regulation of the railroads. This would have a negative impact on the financial health of the industry. Ultimately, railroads would reduce their investment in their infrastructure, abandon track and reduce service. Should this happen, it would be financially devastating for my company in the area of transportation costs both inbound and outbound.

A further reduction in the number of large railroads serving North America will inevitably lead to a dramatic change in economic regulation of the industry. Shippers will demand changes to offset the effects of consolidations. "Open access" is not the answer. My company benefits from the differing pricing that the railroads offer their customers. "Open access" would eliminate differential pricing and drive my transportation costs up.

As a shipper, please review this proposed merger before a decision is made and assess the impact it will have on the shipping industry and the railroad.

Regards,

A handwritten signature in cursive script, reading "Michael J. Conway". The signature is written in dark ink and extends to the right with a long, sweeping underline.

Michael J. Conway
U.S. Traffic Manager
Domco Floor Products Texas